

VZCZCXRO1207  
RR RUEHAST RUEHDBU RUEHFL RUEHLA RUEHMRE RUEHPOD RUEHROV RUEHSR  
DE RUEHSK #0204/01 0681412  
ZNR UUUUU ZZH  
R 091412Z MAR 07  
FM AMEMBASSY MINSK  
TO RUEHC/SECSTATE WASHDC 5747  
INFO RUCNOSC/ORGANIZATION FOR SECURITY COOPERATION IN EUROPE  
RHMFISS/HQ USEUCOM VAIHINGEN GE  
RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK

UNCLAS SECTION 01 OF 02 MINSK 000204

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E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [PHUM](#) [ECON](#) [EPET](#) [ENRG](#) [BO](#)

SUBJECT: EMBASSY MINSK WEEKLY POL/ECON REPORT - MARCH 9, 2007

¶1. The following are brief items of interest compiled by Embassy Minsk.

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##### INTERNATIONAL RELATIONS

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#### ¶2. GOB Security Council Denies Iran, Syria Arms Sales

On March 6, Belarusian Security Council Spokesman Vladimir Nestsyrovich dismissed media speculation about planned sales of Russian military equipment to Syria and Iran via Belarus as "another attempt to discredit the country." Rumors of Belarus' possible involvement in sales of Russian weapons to the Middle East emerged in connection with the recent mysterious death of Russian newspaper "Kommersant" journalist Ivan Safronov in Moscow March 2. Despite official suspicions of suicide, his colleagues suspect that he was murdered for fear that he might disclose Russian plans to use Belarus to sell Su-30 fighters to Syria and S-300B surface-to-air missile systems to Iran.

#### ¶3. GOB Calls ODIHR Monitoring Practices "Biased"

On March 5, Permanent Belarusian Representative to the OSCE Alexander Sychyev vehemently criticized election monitoring exercised by OSCE's Office for Democratic Institutions and Human Rights (ODIHR). He expressed concern over ODIHR's continued neglect of the principles of impartiality and objectivity during election monitoring. According to Sychyev, the "biased" assessment of

Serbian election results became "the last straw." Sychyev sees the ODIHR leadership as flawed and claims that it strives to be autonomous and avoid accountability to OSCE member countries. He also asserted that the ODIHR's reports tend to be politically oriented, and Belarus "has collided" with that approach in the past. Sychyev concluded that the "absolute lack of transparency in the work of ODIHR" convinced Belarus OSCE delegation of the necessity of regulating ODIHR.

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CIVIL SOCIETY  
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#### 14. GOB Questions Activists on Opposition Youth Leaders

On March 6, Belarus' Prosecutor General's Office questioned five opposition youth activists in connection with a criminal case against Oleg Korban and Dmitriy Fedaruk for leading the unregistered opposition youth group "Malady Front". On February 4, authorities apprehended Korban and Fedaruk together with 25 other youths during a raid on a private apartment in Minsk. Police subsequently released all 27 activists. On November 1, 2006, Malady Front leader Dmitriy Dashkevich was sentenced to 18 months in prison on the same charge.

#### 15. Belarus to Further Curtail Capital Punishment

At a press conference on March 6, Chairperson of the Upper Chamber of the Parliament Gennady Novitskiy discussed his recent meeting in Rome with Parliamentary Assembly Council of Europe (PACE) Vice-President Andrea Rigoni. Novitskiy noted that they discussed abolishing capital punishment in Belarus, set forth by PACE as a prerequisite for reinstating Belarus' Special Guest status with the PACE. The Belarusian parliamentarian reassured Rigoni of Belarus' intention to curtail the number of death penalties, citing a steady

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decrease of executions: 47 cases in 1998, 13 in 1999, and four in 2005 and 2006. However, according to Novitskiy, Belarus can abolish capital punishment only through a referendum, and by law it is currently stipulated as an interim measure. He also emphasized that Belarus, with its historic and cultural peculiarities, is still a democratically oriented country that shares common European values.

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INTERNATIONAL TRADE AND INVESTMENT  
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#### 16. GOB Refuses to Sign Draft Russian Trade Agreement

On February 28, the Russian government approved the draft agreement with the GOB on trade and economic relations, and instructed Russia's Ministry of Economic Development and Trade to sign it. Belarusian Prime Minister Sergey Sidorskiy responded that the GOB would not sign the agreement, unless Russia eases restrictions on Belarusian sugar exports to Russia.

#### 17. Trade Deficit Jumps to USD 363 Million

On March 1, Belarus' Statistics Ministry announced that the country's foreign commodity trade deficit in January was USD 362.5 million versus USD 36.3 million surplus a year ago. The deficit is attributed to a 30 percent hike in imports and almost the same exports. Imports from Russia remained unchanged, while a 92.8 percent hike in imports from non-CIS countries was a record high. Exports to Russia were up 23.7 percent, while exports to non-CIS countries were down 15.8 percent. These statistics largely reflect Belarus' virtual inability to export oil-based products this year.

#### 18. Foreign Debt Edges up to USD 845 Million

On March 1, the Finance Ministry reported that state foreign debt edged up 0.8 percent in January to USD 844.7 million. The GOB's long-term and short-term debts accounted for 56.9 and 9.9 percent of total foreign debt, respectively. Foreign loans to companies against the government's guarantees totaled 33.2 percent. Belarus' largest creditors are Russia, Germany, the World Bank, and the

United States.

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DOMESTIC ECONOMY  
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¶9. Higher Energy Prices to Cut Automobile Profits

On March 2, Belarus' newly appointed deputy Industry minister Valentin Gurinovich predicted that Belarus' automotive industry would lose two to three percent of its profits due to higher energy prices. Gurinovich nevertheless assured higher energy prices, which the country started paying as of January 1, would not disrupt the industry's plans for this year. Later this year MAZ will start equipping its trucks with domestically made engines, which meet Euro 3 emission standards. MAZ also plans to increase its annual production by 2010 to 30,000 vehicles, which is 23,000 more than it produced in 2006.

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QUOTE OF THE WEEK  
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¶10. On March 5, Presidential Administration Deputy Head Nataliya Petkevich offered the following insight regarding Belarus' policy on the International Convention for the Protection of All Persons from Enforced Disappearance:

"This convention is not topical for Belarus, it has the same degree of importance for us as ozone layer protection or the protection of those starving. We have no such problem."

Stewart